

Translation

Translation of the long form audit report
of the
financial statements
as of 31 March 2022
and the management report for the fiscal year 2021/22

Bavaria Electrodes GmbH
Grünthal 1 – 6
90552 Röthenbach a. d. Pegnitz

From the original German which is duly signed

Translation

Preliminary Remarks

This translation report is based on our report “Bericht über die Prüfung des Jahresabschlusses zum 31. März 2022 und des Lageberichts für das Geschäftsjahr 2021/2022”, dated 17 May 2022 which has been prepared in German language.

Should there be any doubt concerning the interpretation or the understanding of individual passages of the translation of the report or the contents of the translated exhibits (balance sheet, income statement, notes to the financial statements, management report and legal and tax background), the original version of the report drawn up by us in German is authoritative.

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Audit report

A. Audit engagement

The Managing Director of

Bavaria Electrodes GmbH
Grünthal 1 – 6, 90552 Röthenbach a. d. Pegnitz

– referred to as "BE" or simply "the Company" –

engaged us, based on the resolution of the shareholders' meeting of 19 July 2021, to audit the annual financial statements as of 31 March 2022 and the management report for the financial year 2021/2022, including the underlying accounting records.

The engagement was accepted by us in an engagement confirmation letter dated 15 December 2021, enclosing the terms and conditions of the engagement. We received the duplicate with the client's declaration of consent on 15 December 2021.

We confirm in accordance with § 321 para.4a of the German Commercial Code that our audit has complied with the applicable independence regulations.

We report on the results of our audit in accordance with the "Principles of proper reporting in audits of financial statements" (IDW PS 450 n.F.) issued by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer in Deutschland e. V.). (IDW), the following report. This audit report is addressed to the Company.

The General Engagement Terms for German Public Auditors and German Public Audit Firms in the version dated 1 January 2017 attached hereto as Exhibit shall apply to this engagement, also in relation to third parties.

B. General remarks**I. Comment on the management report by the legal representatives****Economic situation and course of business**

According to our assessment based on our understanding of the performed audit, we consider the presentation and assessment of the Company as well as its expected development as stated by the Company's management in the financial statements and the management report as accurate.

In the management report (Annex 1.4), the management has assessed the economic situation of the company on the basis of the annual financial statements as of 31 March 2022 (Annexes 1.1 to 1.3) and other documents, in particular the corporate planning for the 2022/2023 business year.

In our opinion, the following key statements drawn from the management report are to be emphasized:

- The business purpose of the company is the production and sale of graphite electrodes, special graphite products and coatings for graphite electrodes. GC (Graphite Cova GmbH, Röthenbach a. d. Pegnitz) supplies raw materials to its sister companies Bavaria Electrodes GmbH and Bavaria Carbon Specialities GmbH in order to have them produce finished products, e.g. graphite electrodes and special graphite products.
- The last few years have been characterized by strong changes in steel and graphite production, driven by China. The year 2021 was still heavily influenced by the Corona pandemic, which caused a production standstill and a slowdown in trade around the world. However, normal day to day business resumed after the crisis. The influence of Corona in the coming fiscal year (2022/23) is expected to be negligible.
- In October 2021, the EU imposed anti-dumping duties on Chinese electrodes imported into the EU. According to management, this is expected to have a positive impact on sales figures in Europe.
- Following the Ukraine-Russia crisis, pressure on precursors was noted both in terms of availability and cost. However, the situation is expected to de-escalate during the year and prices should return to normal.
- Energy costs in Europe are at an unprecedentedly high level. They have been further burdened by the crisis between Ukraine and Russia. The EU is in the process of putting together a package for those affected, and management hopes that the losses can be bridged in this respect.
- Out of available capacity of 17,500 MT of Electrodes, the Company produced 9,099 MT (p.y. 5,653 MT).
- Green production was resumed in the course of the year. In addition, raw material costs generally rose more sharply than in previous years; gas and electricity prices in particular increased significantly (kEUR 10,190; p.y. kEUR 3,414). As a result, the cost of materials rose by 187 % from kEUR 4,114 to kEUR 11,814, as well as personnel expenses (kEUR 4,297, p.y. kEUR 3,118) and other operating expenses (kEUR 3,900, p.y. kEUR 2,973). Due to the cost-plus agreement with the sister companies, however, sales also increased by 96 % (kEUR 20,312, p.y. kEUR 10,340). The Company generated a profit in the amount of kEUR 222, compared to kEUR 134 in prior year.
- The inventories increased by 14% to kEUR 647 due to the increased production of electrodes; at the same time, receivables against affiliated companies as well as payables against affiliated

companies increased.

- Trade payables increased at year-end mainly due to the restart of the production as well as due to increasing energy costs.
- As of 31 March 2022, the Company's bank balance amounted to kEUR 29 (p.y. kEUR 78). The Company was able to meet its payment obligations at all times.
- BE is integrated into the risk management system of the ultimate parent company.
- Production is sold exclusively via the sister company GC, so that there is a sales risk in this respect. GC in turn counters this market risk by developing markets outside Europe in order to reduce dependence on the European market.
- There are also current contracts with energy supply service providers. However, due to the current crisis between Ukraine and Russia, the availability of gas may be a cause for concern, as there is frequent speculation in the media about the possibility of Russia turning off the gas tap. However, media reports also suggest that Germany has made room for replacement gas. The company expects costs to remain high, at least in the near future. Management plans to pass the higher costs on to its customers, as this is a first. Regarding freight costs, management is trying to sign more FOB (free on board) contracts.
- The company has been proactive in responding to the COVID 19 crisis from the beginning and has continued to do so. Graphite initiated protective measures early on and continuously adapted to the changing situation. As a result, the impact of COVID 19 on employees, customers and operations remained at a very limited and low level. The first indications of an improvement in demand can already be seen. An improvement in demand has already been noted, and with the help of government stimulus packages around the world, the situation should ease again from fiscal 2022/23.
- The market for FY 2022-23 is clouded with a lot of uncertainty but still seems to be improving and a clear indication on rise in prices has been seen. The Management expects revenues to remain in the range of EUR 17 – 20 Mio and Profit before taxes between EUR 0 – 1 Mio.

In our opinion, based on the results of our audit, the presentation and assessment of the position of the company and its expected development by the legal representatives in the annual financial statements and the management report are essentially correct.

C. Conduct of engagement

I. Subject of the audit

The reporting company is a medium-sized corporation within the meaning of § 267 Para. 2 of the German Commercial Code (HGB), which is subject to statutory auditing pursuant to §§ 316 ff. HGB.

As part of our engagement, we have audited the accounting records, the annual financial statements as of 31 March 2022 and the management report 2021/2022 for compliance with the relevant legal requirements and potential supplementary provisions of the Articles of Association in accordance with section 317 of the German Commercial Code (HGB).

We have examined the management report to determine whether it is consistent with the annual financial statements and the findings of our audit and as a whole provides a suitable view of the Company's position. This also includes assessing whether the opportunities and risks of future development are appropriately presented. The audit of the management report also includes assessing whether the legal requirements for the preparation of the management report have been complied with (section 317 (2) HGB).

The authoritative accounting principles for our audit of the annual financial statements were the accounting regulations of §§ 242 to 256a and §§ 264 to 288 of the German Commercial Code (HGB), the special provisions of the German Limited Liability Companies Act (GmbH-Gesetz). There are no supplementary provisions to the articles of association.

II. Nature and scope of the audit

Our audit was carried out in accordance with § 317 et seq. of the German Commercial Code and in compliance with the Generally Accepted German Standards for the Audit of Financial Statements established by the *Institut der Wirtschaftsprüfer in Deutschland e.V.* [IDW - Institute of Certified Auditors in Germany].

The audit does not extend to whether the continued existence of the audited company or the effectiveness and efficiency of the management can be assured (i.e. no review within the meaning of § 317 para. 4a HGB).

The basis of our risk- and process-oriented audit approach is the development of an audit strategy. This is based on an assessment of the economic and legal environment of the company, its objectives, strategies and business risks, which we evaluate on the basis of critical success factors. We supplement the audit of the accounting-related internal control system and its effectiveness with process analyses, which we perform with the aim of determining their influence on relevant financial statement items and thus being able to assess the risks of error as well as our audit risk.

We took into account the findings from the audit of the processes and the accounting-related internal control system in the selection of the analytical audit procedures (plausibility assessments) and the case-by-case audits with regard to the inventory evidence, the recognition, the disclosure and the valuation in the annual financial statements. In the company-specific audit programme, we defined the focal points of our audit, the nature and scope of the audit procedures, the timing of the audit and the assignment of staff. In doing so, we observed the principles of materiality and risk orientation and therefore based our audit opinion mainly on random sampling.

As part of our risk based auditing approach, we concentrated our audit on the following areas:

- Audit of the processes of preparation of annual financial statements, purchasing, sales and personnel
- Existence as well as valuation of inventories
- Existence of intercompany trade receivables and accrual of sales revenues
- Completeness and valuation of provisions
- Other individual matters with a material impact on the presentation of the net assets, financial position and results of operations

We carried out the audit at the Company's offices and at our office during the period from 1 April 2022 to 17 May 2022.

The starting point for our audit was the prior-year financial statements as of 31 March 2021, which were audited by Altavis GmbH Wirtschaftsprüfungsgesellschaft Steuerberatungsgesellschaft, Munich, and certified on 11 May 2019; they were adopted unchanged by the shareholders' resolution of 19 July 2021.

In order to audit the proof of the company's assets and liabilities, we obtained, for our examination, among other things, bank, tax advisor and lawyer confirmations as well as balance confirmations for receivables and payables on a sample basis. We participated in the inventory of inventories. By taking appropriate samples, we assured ourselves of the correctness of the physical inventory and the valuation.

The nature, scope and results of the individual audit procedures are documented in our work papers.

D. Findings on accounting

I. Regularity of the accounting

After drawing up the final results of our audit, we conclude that the accounting records and the other audited documents, the annual financial statements and the management report comply with the statutory provisions and the supplementary provisions of the articles of association.

1. Accounting and other audited records

The organisation of the accounting, the accounting-related internal control system, the data flow and the document system enable the complete, correct, orderly and timely recording and booking of business transactions.

The information taken from the other audited documents lead to a proper representation in the accounting, annual financial statements and/or management report. In particular, this included material contracts and planning calculations (profit and loss and financial planning).

IT-supported accounting ensures the security of data processed for accounting purposes and thus processing in accordance with the principles of proper accounting (GoB) pursuant to § 238 HGB.

The accounting-related internal control system (ICS) set up by the company provides for appropriate regulations on the organisation and control of work processes. There were no significant organisational changes in the accounting procedures during the reporting period.

The Company's accounting (financial and fixed asset accounting) is carried out on its own IT system using the SAP ECC 6.0 program from SAP SE, Walldorf. Payroll accounting is also handled internally using this program and Excel.

The accounts were opened correctly with the figures from the previous year's balance sheet and were kept properly. The supporting function has been fulfilled.

The organisation of the accounting system is appropriate to the circumstances of the company.

In our opinion, based on the findings of our audit, the accounting records comply with the legal requirements. The information taken from other audited documents has led to a proper presentation in the accounting records, the annual financial statements and/or the management report.

2. Annual financial statements

After drawing up the final result of our audit, we find that the annual financial statements comply with all legal regulations applicable to accounting, including generally accepted accounting principles and all size-dependent and legal form-dependent regulations, as well as the standards of the articles of association.

The company has the following size characteristics in accordance with § 267 HGB:

		2021/22	2020/21
Total assets	kEUR	5,107	3,245
Total sales	kEUR	20,312	10,340
Average number of employees		93	90

As of the balance sheet date, the Company was classified as being a medium-sized company as defined by § 267 para. 2 of the German Commercial Code.

The balance sheet is structured in accordance with the provisions of § 266 HGB. The profit and loss account has been prepared in accordance with the total cost method (§ 275 para. 2 of the German Commercial Code (HGB)).

The balance sheet and the profit and loss account as of 31 March 2022 are - based on the figures of the previous year's balance sheet - duly derived from the accounting records and the other audited documents.

Recognition, disclosure and valuation regulations have been observed. The accounting and valuation methods applied to the previous annual financial statements have been retained.

The information provided in the Notes is complete and correct. The explanations and justifications comply with the legal requirements.

The protective clause stated in § 286 para. 4 of the German Commercial Code regarding the disclosure of management salaries in the notes, according to § 285 para. 9 of the German Commercial Code, has been claimed justly.

3. Managing report

The management report complies with the legal requirements. Our audit pursuant to Section 317 (2) HGB has led to the conclusion that it is consistent with the annual financial statements and the findings of our audit and as a whole provides a suitable view of the Company's position. The material opportunities and risks of future development are accurately presented.

The information provided in the management report is complete according to § 289 para.2 of the German Commercial Code and further legal requirements.

II. Overall picture of the Annual Financial Statements

In our opinion, the annual financial statements - i.e. as an overall statement of the annual financial statements resulting from the interaction of the balance sheet, the profit and loss account and the notes - give a true and fair view of the net assets, financial position and results of operations of the company in accordance with German principles of proper accounting (§ 264 para. 2 of the German Commercial Code (HGB)).

1. Accounting and Valuation methods

The company has ensured the accounting and valuation methods applied in the annex. In our following remarks, we therefore focus in particular on those matters that are of material importance for the assessment of the net assets, financial position and results of operations, as well as in their overall effect in connection with other measures and matters.

The following significant accounting and valuation methods were used in the company's annual financial statements:

- Raw materials and supplies are valued at the moving average of purchase prices, taking into account the strict principle of the lower of cost or market.

- No deferred tax assets were recognized as a result of the different valuation of pension provisions under commercial and tax law.
- Pension accruals are stated at the settlement amount required in accordance with prudent business judgment as of the balance sheet date. The valuation was based on actuarial principles using the projected unit credit method. In accordance with § 253 (2) sentences 1 and 2 HGB, an average market interest rate (of the last 10 years) of 1.81% was assumed for a remaining term of 15 years. In determining the settlement amount, the mortality and disability probabilities were taken from the "Richttafeln 2018 G" mortality tables by Dr. Klaus Heubeck and a pension dynamic of 1.5% was assumed. As of the balance sheet date, the required settlement amount was kEUR 57 (previous year: kEUR 53). Due to the insolvency of the predecessor company in 2004, a pension security association was called in to secure the company pension plan.

The accounting and valuation methods are basically unchanged from the previous year. For further information, please refer to the explanations in the Notes (Exhibit 1.3).

2. Measures to shape the facts

We did not identify any measures that would have shaped the facts of the case.

As a summarized result of our audit, which focused on

- The propriety of the components of the financial statements and their derivation from the accounting records,
- the propriety of the disclosures made in the notes,
- the observance of the regulations on recognition, presentation and valuation,
- compliance with all legal requirements applicable to financial reporting, including generally accepted accounting principles and with all regulations specific to the size, legal form or economic sector of the Company; and
- compliance with the provisions of the Articles of Association insofar as these relate to the content of the financial reporting,

We have issued the auditor's report reproduced in section E.

E. Audit opinion

We have issued the following audit opinion on the financial statements and the management report:

„Independent Auditor’s Report

To Bavaria Electrodes GmbH, Röthenbach a. d. Pegnitz

Audit opinion

We have audited the Annual Financial Statements of Bavaria Electrodes GmbH, which comprise the balance sheet as of 31 March 2022, the profit and loss account for the fiscal year from 1 April 2021 to 31 March 2022, and the notes to the financial statements, including a description of the accounting policies. In addition, we have audited the management report of Bavaria Electrodes GmbH for the fiscal year from 1 April 2021 to 31 March 2022.

In our opinion, based on the findings of our audit, the accompanying financial statements

- the attached annual financial statements comply in all material respects with the German commercial law provisions applicable to corporations and give a true and fair view of the net assets and financial position of the Company as at 31 March 2022 and of its results of operations for the fiscal year from 1 April 2021 to 31 March 2022 in accordance with German principles of proper accounting. and
- the enclosed management report as a whole provides a suitable view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and accurately presents the opportunities and risks of future development.

In accordance with § 322 para. 3 sentence 1 of the German Commercial Code (HGB), we hereby declare that our audit has not led to any objections to the correctness of the annual financial statements and the management report.

Basis for the audit opinions

We conducted our audit of the annual financial statements and the management report in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Our responsibility under these regulations and principles is further described in the section "Auditor's responsibility for the audit of the annual financial statements and the management report" of our auditor's report.

We are independent of the Company in accordance with German commercial and professional law and have fulfilled our other German professional obligations in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the financial statements and the management report.

Responsibility of the legal representatives for the Annual Financial Statements and the Management Report

The legal representatives are responsible for the preparation of the Annual Financial Statements, which in all material respects must conform to the provisions of German commercial law, and for ensuring that the Annual Financial Statements present a fair impression of the Company's net assets, financial position, and results of operations in accordance with the German principles of accepted accounting standards. Moreover, the legal representatives are responsible for the systems of internal control that they have deemed necessary for the preparation of Annual Financial Statements that are free of – intentional and unintentional – misrepresentations pursuant to the German principles of accepted accounting standards.

In preparing the Annual Financial Statements, the legal representatives are responsible for assessing the capability of the Company to continue as a going concern. Furthermore, they are responsible for disclosing relevant circumstances in connection with the continuation of the Company as a going concern. They are also responsible, based on accounting principles, for including in the balance sheet matters that pertain to the continuation of the Company as a going concern, except where factual or legal circumstances would oppose such action.

In addition, the legal representatives are responsible for ensuring that the Management Report, which provides an accurate overall picture of the Company, is consistent with the Annual Financial Statements in all material respects, conforms to the German requirements and presents the opportunities and risks of future performance. The legal representatives are responsible, furthermore, for the precautions and measures (systems) that they have deemed necessary to prepare the Management Report in agreement with the applicable provisions of German law and in order to be capable of providing adequate proof for the statements contained in the Management Report.

Responsibility of the auditor for auditing the Annual Financial Statements and the Management Report

Our objective is to obtain reasonable assurance that the Annual Financial Statements as a whole are free of – intentional or unintentional – material misrepresentations, and if the Management Report provides an accurate picture of the Company and is consistent, in all material aspects, with the Annual Financial Statements and with the findings gained during the audit, conforms to the German requirements and gives a true and accurate impression of the opportunities and risks of future performance. Our objective, furthermore, is to issue an audit opinion containing our audit assessments of the Annual Financial Statements and the Management Report.

Reasonable assurance signifies a high degree of certainty, but not a guarantee, that an audit of the Annual Financial Statements performed in accordance with Section 317 HGB and the generally accepted standards for the audit of financial statements in Germany, promulgated by the Institut der Wirtschaftsprüfer e.V. [Institute of Public Auditors in Germany, IDW] will consistently identify material misrepresentations. Material misrepresentations may result from violations or inaccuracies and are considered material if it can be expected under reasonable circumstances that they will, individually or overall, influence the commercial decisions of recipients that are made based on these Annual Financial Statements and this Management Report.

We exercise professional judgement and maintain a critical approach during the audit. Moreover,

- we identify and assess the risks of – intentional or unintentional – material misrepresentations in the Annual Financial Statements and the Management Report, plan and perform audit activities in response to these risks and obtain audit findings that are adequate and suitable to serve as the basis for our audit assessments. The risk that material misrepresentations are not identified is greater for infringements than it is for inaccuracies, as infringements may include fraudulent conspiracy, falsifications, deliberate omissions, misleading representations, or the suspension of internal control mechanisms.
- we acquire an understanding of the internal control systems that are relevant to the auditing of the Annual Financial Statements and of the precautions and measures that are relevant to the auditing of the Management Report and hence can plan audit activities that are adequate, under the given circumstances, but that are not intended to submit an audit assessment on the effectiveness of these Company systems.
- we assess the adequacy of the accounting measures applied by the legal representatives and the validity of the estimated assets and associated data provided by the legal representatives.
- we draw conclusions on the adequacy of the accounting principles applied by the legal representatives for the continuation of the Company as a going concern and, based on the audit findings obtained, determine whether there is material uncertainty in connection with the events or circumstances that give grounds to significant misgivings as to the capability of the Company to continue as a going concern. Should we conclude that there is material uncertainty, we are obliged, within the audit opinion, to draw attention to the corresponding information in the Annual Financial Statements and the Management Report or, where this information is inadequate, to modify our audit opinion. We draw our conclusions based on the audit findings obtained by us until the date of our audit opinion. Notwithstanding, future events or circumstances may render the Company unable to continue as a going concern.
- we assess the overall representation, structure, and content of the Annual Financial Statements, including the information and if the Annual Financial Statements present the underlying transactions and events such that the Annual Financial Statements present a fair impression of the Company's net assets, financial position and results of operations in accordance with the German principles of accepted accounting standards.
- we assess the consistency between the Management Report and the Annual Financial Statements, its legal compliance, and the impression it conveys of the Company's position.
- we conduct audit activities in respect of the forward-looking information contained in the Management Report, as indicated by the legal representatives. In this regard, based on adequately suitable audit findings, we seek, in particular, to understand the significant assumptions made by the legal representations based on the forward-looking information and assess if the forward-looking information has been soundly inferred from these assumptions. We do not submit a separate audit assessment on the forward-looking information or on the underlying assumptions. There is a significant and unavoidable risk that future events will deviate substantially from the forward-looking information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Munich, 17 May 2022

INTARIA partners GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Christian Roller
Wirtschaftsprüfer

Sabrina Rettenmayr
Wirtschaftsprüfer"

F. Concluding remark

We have issued the following report on our audit of the annual financial statements and the management report for the fiscal year from 1 November 2020 to 31 October 2021 of Bavaria Electrodes GmbH, Röthenbach a.d. Pegnitz, in accordance with § 321 HGB and the generally accepted standards for the audit of financial statements promulgated by the Institute of Public Auditors in Germany (Institut der Wirtschaftsprüfer in Deutschland e. V.), Düsseldorf (IDW PS 450 n. F.).

The audit report is signed as follows in accordance with § 321 para. 5 HGB, taking into account § 32 WPO.

Munich, 17 May 2022

INTARIA partners GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Christian Roller
Wirtschaftsprüfer

Sabrina Rettenmayr
Wirtschaftsprüfer

The publication or distribution of the annual financial statements [and/or the management report] with reference to our audit as well as the distribution of our audit report and/or the auditor's report requires our prior renewed opinion.

In the event of publication or dissemination of the annual financial statements in a form deviating from the certified version (including translation into other languages), our prior opinion is required, provided that our audit opinion is quoted or reference is made to our audit; reference is made to § 328 HGB.

Translation

Bavaria Electrodes GmbH
90552 Röthenbach a. d. Pegnitz

Exhibi

Translation

Bavaria Electrodes GmbH
90552 Röthenbach a. d. Pegnitz

1. Annual financial statements incl. management report

1.1. Balance sheet as of 31 March 2022

Exhibit 1.1

ASSETS	31 March 2022 EUR	31 March 2021 EUR	EQUITY AND LIABILITIES	31 March 2022 EUR	31 March 2021 EUR
A. FIXED ASSETS			A. EQUITY		
I. Intangible assets			I. Capital subscribed	100.000,00	100.000,00
Concessions, Industrial property rights acquired for a consideration as well as licences to such rights and values	7.755,00	9.905,00	II. Profit carried forward	446.998,22	312.876,29
II. Tangible assets			III. Profit of the year	<u>221.770,27</u>	<u>134.121,93</u>
1. Land, land rights and buildings, including buildings on third-party land	2.142,00	2.500,00		<u>768.768,49</u>	<u>546.998,22</u>
2. Technical equipment and machines	17.060,00	21.205,00	B. PROVISIONS AND ACCURALS		
3. Other Plants, office fixtures and fittings	<u>48.997,00</u>	<u>35.824,00</u>	1. Provisions for pensions and similar obligations	56.882,00	53.468,00
	<u>68.199,00</u>	<u>59.529,00</u>	2. Provisions for taxes	0,00	36.736,28
	<u>75.954,00</u>	<u>69.434,00</u>	3. Other provisions	<u>345.598,35</u>	<u>317.491,49</u>
B. CURRENT ASSETS				<u>402.480,35</u>	<u>407.695,77</u>
I. Inventories			C. LIABILITIES		
Raw materials, supplies and operating materials	646.620,92	565.262,03	1. Trade payables	2.381.087,77	893.295,95
II. Receivables and other assets			2. Liabilities due to affiliated undertakings	1.522.507,00	1.369.394,80
1. Trade receivables	15.260,29	5.187,35	3. Other liabilities	32.063,46	27.430,11
2. Receivables from affiliated companies	4.135.081,59	2.374.498,95	- thereof for taxes EUR 27,430.11 (p.y. EUR 0.00)		
3. Other assets	<u>198.196,60</u>	<u>142.279,19</u>		<u>3.935.658,23</u>	<u>2.290.120,86</u>
	<u>4.348.538,48</u>	<u>2.521.965,49</u>			
III. Cash, bank deposits and cheques	<u>29.060,41</u>	<u>77.841,67</u>			
	<u>5.024.219,81</u>	<u>3.165.069,19</u>			
C. PREPAID EXPENSES	6.733,26	10.311,66			
	<u>5.106.907,07</u>	<u>3.244.814,85</u>		<u>5.106.907,07</u>	<u>3.244.814,85</u>

Translation

Bavaria Electrodes GmbH
90552 Röthenbach a. d. Pegnitz

1. Annual financial statements incl. management report

1.2. Income statement for the period from 1 April 2021 to 31 March 2022

Exhibit 1.2

	2021/22 EUR	2020/21 EUR
1. Sales	20.312.282,82	10.339.951,13
2. Other operating income - thereof exchange rate gains: EUR 0.82 (p.y.: EUR 0.00)	36.345,32	81.450,33
3. Cost of materials a) Cost of raw materials, supplies, operating materials and acquired goods b) Cost of services acquired	-1.624.700,97 -10.189.582,32	-700.252,41 -3.413.704,53
	<u>-11.814.283,29</u>	<u>-4.113.956,94</u>
4. Gross Profit	<u>8.534.344,85</u>	<u>6.307.444,52</u>
5. Personnel costs a) Wages and salaries b) Social security and expenses for old age pensions and support - thereof for old age pensions: EUR 12,702.95 (p.y.: EUR 3,673.72)	-3.570.948,47 -725.967,55	-2.610.177,34 -508.008,05
	<u>-4.296.916,02</u>	<u>-3.118.185,39</u>
6. Depreciation for intangible fixed assets and tangible assets	-30.026,79	-26.775,95
7. Other operating expenses - thereof for exchange rate losses: EUR 0.00 (p.y.: EUR 109.58)	-3.900.280,87	-2.972.770,39
	<u>-3.900.280,87</u>	<u>-2.972.770,39</u>
8. Operating Income	<u>307.121,17</u>	<u>189.712,79</u>
9. Other interest and similar expenses - thereof to affiliated companies: EUR 1,171.00 (p.y.: EUR 1,278.00)	-1.171,00	-1.281,15
11. Taxes on income and profit from ordinary business operations	-84.179,90	-54.309,71
12. Profit after taxes	<u>221.770,27</u>	<u>134.121,93</u>
13. Net result for the year	<u>221.770,27</u>	<u>134.121,93</u>

Bavaria Electrodes GmbH, Roethenbach a. d. Pegnitz

Notes to the Annual Financial Statements for the Financial Year from 1 April 2021 to 31 March 2022

A. General Information

Bavaria Electrodes GmbH ("the Company") is domiciled in Röthenbach a. d. Pegnitz and incorporated in the Register of Companies HRB 21198 maintained by the local civil Court Nuremberg.

The annual financial statements of Bavaria Electrodes GmbH were prepared in accordance with the regulations of the German Commercial Code (HGB) and the Limited Liability Company Act (GmbHG).

For the income statement the total cost method according to Sec. 275 para. 2 HGB has been chosen. The company is a medium-sized company according to Sec. 267 para. 2 HGB.

B. Accounting policies

The accounting and valuation policies applied in the previous year were retained. The accounting and valuation of items in the balance sheet and income statement are based on the going concern assumption according to Sec. 252 para. 1 Sentence 2 HGB

The **fixed assets** acquired from the insolvency administrator of the Conradt Group, Dr. Pöhlmann, in August 2004 are valued at the acquisition costs, reduced by the regular straight-line depreciation assuming a remaining life of assets to be seven years for plant and machinery and ten years for building.

Newly acquired intangible assets and fixed assets are valued at the acquisition or production costs reduced by the straight-line depreciation. Assets manufactured in-house are valued according to the production costs considering adequate parts of the required general and administrative costs. Depreciation is done according to the current official tax depreciation tables. The useful economic lives remain between 3 and 12 years.

Low-value assets with product related acquisition costs of up to EUR 250.00 are depreciated completely in the year of acquisition and shown in the asset table as disposal. Fixed assets with acquisition costs between EUR 250.00 to EUR 1,000.00 are accumulated in a pool item. Depreciation is done in the year of purchase and the following four years. It is depreciated in the year it was recorded and the following four years and hence reducing profits.

Raw materials, supplies and operating materials are valued at their acquisition costs including the incidental acquisition expenses taking into account the lower of cost or market value.

Accounts receivable and other assets are valued at their nominal value. Identifiable individual risks are accounted for by valuation allowances.

Cash on hand and bank balances are measured at nominal value.

The **prepaid expenses** relate to payments made before the reporting date, which represent expenses for a certain period after that date.

The **accruals for pensions and similar rights** are valued according to the projected-unit-credit method applying the tables 2018 G of Klaus Heubeck. An actuarial interest rate of 1.81 % and a pension's dynamic of 1.50 % are assumed. Sec. 253 para. 2 and para. 6 HGB were applied, using the average discount rate of the past 10 years with a remaining term of 15 years. Consequently, the dividend payout restriction amount kEUR 3 and active difference amount to kEUR 5. This difference arises from regard of the average interest rate of the last 10 years respectively of the last 7 years (1.35 %).

Tax accruals and other accruals to cover any risk and expected/uncertain obligations are accounted in an amount required for the settlement on the basis of a reasonable commercial assessment and are recognized in consideration of the anticipated cost and price increase in the future. For short term accruals, the discounting option was not used.

Liabilities are accounted for in the balance sheet according to their settlement amount. Within the liabilities there are estimated costs for energy and gas, which are matched with overpayments.

Deferred taxes

For discrepancies between the commercial valuation on the one hand and the tax base of assets, debts and accrued and deferred items which can expected to be settled in later financial years, according to Sec. 274 HGB, an overall tax burden resulting from these differences shall be shown in the balance sheet as deferred tax liabilities. Deferred taxes are valued with a combined tax rate of 28,075 %. This tax rate comprises corporation tax, business tax and solidarity tax. An overall tax relief resulting from these differences can be shown in the balance sheet as deferred tax assets. By exercising the option to capitalize deferred taxes no deferred tax assets are shown in the balance sheet.

All assets are evaluated carefully. Namely all risks and losses are included up to the accounting date, even those which are emerged between accounting date and compilation of the financial statement.

Income statement

Profits are only taken into the account when they are realized up to the accounting date. Expenses / income are taken into the account independently from their payment date.

C. Comments on the balance sheet

Fixed assets

The development of the individual items of the fixed assets is stated in asset table attached to these notes.

Receivables and other assets

The receivables and other assets have a residual maturity of up to one year in fiscal year as well as in the previous year. The receivables against affiliated companies relate to receivables from supplies and services.

Deferred taxes

Deferred taxes on pension accruals are not capitalized, in accordance with Sec. 274 para. 1 Sentence 2 of the HGB.

Other reserves and accrued liabilities

The accrued liabilities mainly include accruals for personnel accruals in the amount of kEUR 252 (p.y.: kEUR 249), as well as outstanding invoices in the amount of kEUR 64 (p.y.: kEUR 47).

Liabilities

There are no security interests for liabilities. All liabilities have remaining terms of less than one year. The liabilities include estimated costs for electricity and gas which were netted with overpayments.

Payables due to affiliated companies

All liabilities have residual maturity of up to one year. Payables to affiliated companies are trade accounts payable.

D. Comments on the income statement

Taxes on income

Taxes on income are related to trade tax (kEUR 38; p.y.: kEUR 24) and corporation tax and solidarity surcharge in the amount of kEUR 49 (p.y.: kEUR 31). In addition, the company received a trade tax refund for 2019/20 in the amount of kEUR 3.

E. Other disclosures

Contingencies, Guarantees

As of 31 March 2022, no contingencies or guarantees exist.

Number of employees:

	2021/22	2020/21
Blue-collared workers	83	81
White-collared workers	10	9
Total	93	90

Comments on the consolidated accounts

The annual financial statements of the company will be included in the consolidated accounts of Graphite International B. V., Rotterdam, Netherlands, which is a subsidiary of Graphite India Ltd., Kolkata, India. The consolidated accounts of Graphite India Ltd., Kolkata, India, the ultimate parent company, are published in India at National Stock Exchange and Bombay Stock Exchange in Bombay.

Management

In the financial year 2021/22, management was carried out by:

Stefan Seibel, Röthenbach a.d. Pegnitz, Germany, Managing Director
Sanjay Wamanrao Parnerkar, Kolkata, India, Managing Director

The company did not pay any compensation to the management. The compensations were paid by Bavaria Carbon Specialities GmbH, Röthenbach a.d. Pegnitz, and Graphite India Ltd., Kolkata, India.

Proposed appropriation of results

The net profit of the financial year and the retained profit shall be carried forward onto new account.

Supplementary report

In the past financial year, the Coronavirus (SARS-COV-2) had an important impact on the internal and external areas of the company again. In addition, the company is also feeling the effects of Russia's war of aggression against Ukraine, which began on 24 February 2022, particularly in the area of electricity and gas supply, where there have been and will continue to be considerable disruptions. The associated effects on the net assets, financial position and results of operations are recognised in the company's annual financial statements as of 31 March 2022. There are no other known significant events that occurred after the end of the financial year and have a material impact on the presentation of the company's situation.

Röthenbach a. d. Pegnitz, 12 May 2022

S. Seibel

S.W. Parnerkar

Development of fixed assets 2021/22

	ACQUISITION COSTS				ACCUMULATED DEPRECIATION				NET BOOK VALUE	
	1. Apr. 21 EUR	Additions EUR	Disposals EUR	31. Mar. 22 EUR	1. Apr. 21 EUR	Additions EUR	Disposals EUR	31. Mar. 22 EUR	31. Mar. 22 EUR	31. Mar. 21 EUR
I. Intangible assets										
Concessions, Industrial property rights acquired for a consideration as well as licences to such rights and values	13.303,83	0,00	0,00	13.303,83	3.398,83	2.150,00	0,00	5.548,83	7.755,00	9.905,00
II. Tangible assets										
1. Land, land rights and buildings, including buildings on third-party land	19.489,88	0,00	0,00	19.489,88	16.989,88	358,00	0,00	17.347,88	2.142,00	2.500,00
2. Technical equipment and machines	226.190,66	0,00	36,30	226.154,36	204.985,66	4.108,70	0,00	209.094,36	17.060,00	21.205,00
3. Other plants, office fixtures and fittings	407.697,36	36.583,09	0,00	444.280,45	371.873,36	23.410,09	0,00	395.283,45	48.997,00	35.824,00
	653.377,90	36.583,09	36,30	689.924,69	593.848,90	27.876,79	0,00	621.725,69	68.199,00	59.529,00
	666.681,73	36.583,09	36,30	703.228,52	597.247,73	30.026,79	0,00	627.274,52	75.954,00	69.434,00

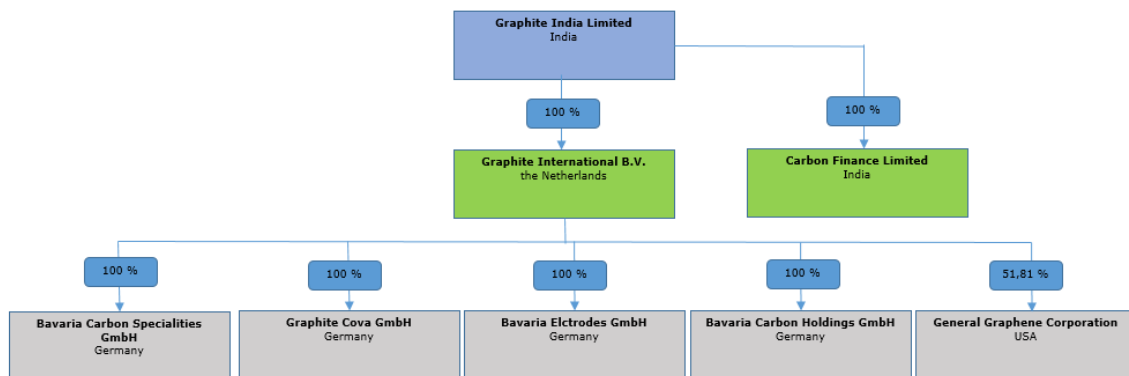
**Bavaria Electrodes GmbH
Röthenbach an der Pegnitz
Management Report for the business year
from 1 April 2021 until 31 March 2022**

1. Business Model of the Company

The main business of the Company is to manufacture Graphite Electrodes, Electrode Coating Services and other Miscellaneous Carbon and Graphite Products.

Graphite Electrode is used in electric arc furnace (EAF) based steel mills for conducting current and is a consumable item for the steel industry.

Group structure



Bavaria Electrodes GmbH is a wholly owned subsidiary of the Graphite International BV, the Netherlands, which is a wholly owned subsidiary of Graphite India Ltd. India. Bavaria Electrodes GmbH deals with only production of Graphite Electrodes, Electrodes Coating services and misc. Carbon and Graphite Products. The selling of these goods is only done by fellow group company Graphite Cova GmbH.

The company is located in Grünthal 1 - 6, D-90552 Röthenbach an der Pegnitz, Germany.

a) Business and Market Conditions

Global crude steel production in 2021 was at 1.95 billion tons and this number is forecasted to increase in 2022 in response to a further recovery from the Corona Pandemic and various stimuli acts across the globe.

By 2022, the demand for steel in emerging markets is estimated to exceed 1.5 million metric tons, with the majority of this demand from China and India. Yet, various tariff and non-tariff barriers across countries, as well as shortages in shipping vessels and containers, create frictional circumstances for the global steel trade.

Compared to CY 2020 the global crude steel production was 3.7% higher in CY 2021. The last few years have been marked by strong changes in the steel and graphite production driven by China. However, 2021 was still heavily influenced by the Corona Pandemic, which slowed down of trade across the globe.

In addition, environmental measures to counter the climate change already show an impact in supply chains. An effect to show greater impact in the next months and years as effort to counter global warming will increase.

Nevertheless, China continues to play an influential role in the supply of crude steel and graphite electrodes on a global scale. Chinese producers are continuing their expansion efforts to other continents. China has recommissioned the former SGL's plant in Narni, Italy, under the name Sangraf International. The construction of another plant in Croatia is ongoing and expected to go on stream in 2022/2023.

Business as usual mostly has started post Corona. Although the overall numbers were still high, the effect of Corona is definitely receding and very few places across Europe witnessed lockdown in last FY. In FY 2022-23, the effect of Corona is expected to be negligible.

During the year, in October 2021 the EU imposed provisional Anti-Dumping Duty on Chinese Electrodes. This is expected to have a positive impact on sale rates across Europe.

Post the Ukraine – Russia Crisis, a pressure on inputs has been seen both in terms of availability and costs. However, the situation should de-escalate and prices should return to normality.

Energy costs in Europe are at unprecedented levels. These have been further impacted by Ukraine – Russia Crisis. EU is in the process of announcing a package for those affected and we hope losses to this account would be bridged.

b) Research and Development

Graphite India Ltd. pursues research and development activities on an on-going basis at its in-house research and development centre engaged in the innovation of improved products and processes in the field of Graphite and Carbon. R & D initiatives are in areas of raw materials, productivity, process development, reduction in carbon emissions etc. Many of the cost savings achieved were significant and in compliance with the “pollution control and clean environment norms”.

2. Overall Economic Report

a) Business Overview/Total Statement

At Bavaria Electrodes GmbH, Graphite Electrode production at 9,099 MT was higher as compared to 5,653 MT in 2020-21.

The Company earned profits of kEUR 222 during the year as against kEUR 134 in the previous year.

b) Economic Overall Situation and Trade Based Market Conditions

i. Economic Overall Situation Frame Conditions*

According to the Federal Statistical Office (Destatis), the price-adjusted gross domestic product (GDP) was 2,7% higher in 2021 than compared to 2020. The economic development was highly dependent on Covid-19 infection rates and the associated preventive measures also in 2021. Despite the continuing pandemic situation, more delivery bottlenecks and material shortages, the German economy managed to recover from the sharp fall last year although the economic performance has not yet reached its pre-crisis level again. GDP was still 2.0% lower in 2021 than in 2019, the year before the Covid-19 crisis began.

* Source: DE Statist

ii. Trade Based Frame Conditions*

Global crude steel production reached 1.951 million tonnes (Mt) for the year 2021, thus was about 3,7% higher compared to 2020.

The EU produced 152.5 Mt of crude steel in 2021, an increase of 15.4% compared to 2020. Germany produced 40.1 Mt of crude steel in 2021, up 12.3% on 2020.

* Source: World Steel Association

c) Situation of the Company

i. Profitability Situation

Out of available capacity of 17,500 MT of Electrodes, the Company produced 9,099 MT (p.y. 5,653 MT).

FY 2021-22 started witnessing better demand and higher prices. Higher input costs, supply chain delays and implementation of Anti-Dumping Duty on Chinese Electrodes are the main reasons for increase in sale prices.

Revenues during the current period increased by 96%, this is due to higher processing costs and consequently higher sales value.

Fresh green production started during the year. Besides that, raw material in general increased more than in prior year but especially gas and electricity prices increased significantly (kEUR 10.190; p.y. kEUR 3.414). As a result, the material costs increased from kEUR 4,114 to kEUR 11,814 by 187%. Further, short work discontinued in FY2021/22 which also contributed to higher costs. Hence, the personnel costs increased from kEUR 3,118 to kEUR 4,297 by 38%. Further, higher repairs and maintenance (kEUR 888; p.y. kEUR 639) due to higher production activity also caused an increase in special waste disposal (kEUR 474; p.y. kEUR 88), higher internal cross charges (kEUR 1,222; p.y. kEUR 1.139) and general higher processing costs. As a result, the other expenses increased from kEUR 2,973 to kEUR 3,900 by 31%. Due to the better result, taxes also increased (kEUR 87; p.y. kEUR 54).

As a result, net income of kEUR 222 (p.y. kEUR 134) was generated in financial year 2021/22.

Given the challenging circumstances, this is a satisfactory result.

ii. Financial Situation

Fixed assets changed very little in comparison to prior year (kEUR 76; p.y. kEUR 69).

Due to increased electrode production as compared to last year inventory increased by 14 % up to kEUR 647 and both receivables from (kEUR 4,135; p.y. ~~kEUR~~ 2,375) and payables to affiliated companies (kEUR 1,523; p.y. kEUR 1,369) increased.

Trade payables have increased in current period as compared to 2020/21 due to higher liabilities on account of Gas and Power driven by higher production and also higher gas and power rates.

Other accruals have increased marginally compared to 2020-21.

As of 31 March 2022, the Company shows a bank balance of kEUR 29 (p.y. kEUR 78). The Company was able to meet its payment obligations at all times.

d) Financial and Non-financial Performance Factors

i. Financial Performance Factors

The company earned profit of kEUR 222 as against kEUR 134 in the previous year 2020-21.

The global market for graphite electrodes is dominated by a few producers. Higher demand in FY 2021-22 ensured that the Company could produce to the extent of around 52% in 2021-22 (p.y. 32 %).

ii. Non-Financial Performance Factors

Despite the high demand for graphite electrodes, it was still possible to stabilize the quality in all aspects, including delivery and service. COVA is established in the world market and a well-recognized producer of high quality graphite electrodes compared with the leading graphite electrode producers. Customer acceptance is encouraging. Confidence on the part of customers, suppliers and authorities keeps on growing. The technology of steel making has undergone significant advancements. Hence, in tune with the improved quality requirements of customers, it is imperative to scale up and modernize the production facility and to change the product mix focusing on larger electrode sizes. Hence, the efforts to enlarge COVA's product range up to 600mm diameter electrodes are ongoing.

Due to the crisis in the European market, the Company has already started entering new markets to increase the customer base.

iii. Environment

The changes in environmental regulations driven by the climate change initiative will further drive and influence COVA brand's commercial success and investments in this area.

iv. Employees

The Company continuously engages itself in employee related interests. It ensures that the compensation packages for individuals are up to normal industry standards as well as ensures that these individuals are always up to date with respect to the skills required of them. Fire Training is constant at our facility as well as other workshops for skill upgradation. In FY 2021-22, the following trainings were held

- Crane Operator Training for employees in Green Shop, Baking, Impregnation and Graphitization.

v. Comparison to Previous Year

The market for FY 2021-22 improved and a clear indication on rise in costs had been seen. As such, the revenues of the Company rose by almost 100% to Eur 20.3 Mio and Profit before Taxes also increased by more than 60% to Eur 0.3 Mio.

Forecast, Chance and Risk Report**A) Forecast Report**

The market for FY 2022-23 is clouded with a lot of uncertainty but still seems to be improving and a clear indication on rise in prices has been seen. The Management expects revenues to remain in the range of Eur 17 – 20 Mio and Profit before taxes between Eur 0 – 1 Mio.

It cannot be excluded that the actual business may diverge from expectations, because of some unforeseeable developments in the economic and commercial environment of the market due to the Coronavirus Pandemic and the Russia Ukraine Crisis in Europe.

B) Risk Report**i. Risk Management System**

The company is integrated into the risk management system of the parent company. The implemented risk management system of the company uses appropriate management tools and indicators in the key areas sales and earnings development, raw material management, sales and production control as well as financing and securing of liquidity.

The integrated early detection system based on rolling budgeting is aimed at the early identification of business risks, to analyse and to classify them, to be able to handle issues which threaten the existence, in time. The management receives information on risk-relevant issues in regular reports. Depending on requirements, supplementary reports to individual circumstances can be created.

Based on the controlling reports and rolling expansions for the current business year all significant developments are presented and explained in detail by the department heads in regular meetings with the management, the current risk situation is discussed and appropriate measures to control the development of the company are defined.

The business development of the company is regularly discussed and coordinated with the parent company Graphite India.

ii. General Risks

It is undeniable that business projections have an inherent element of uncertainty of unknown elements like sudden reversal of positive trends leading to economic slowdown resulting in possible negative growth for steel, automotive and infrastructure industries slowing down, which in turn may adversely impact the prospects for our industry.

It is not only the steel industry that plays a quite decisive role, but also the development in raw material and energy prices as well as the market leaders' pricing policy influence our performance.

iii. Specials Risks**a) Market Risks**

The consolidation and restructuring of the Graphite Electrode market is continuing. China is increasing its production footprint within Europe, by the takeover of former SGL Plant Narni, in Italy, and building a new facility in Croatia. Gazprom (Russia) is planning to invest in a new facility in Russia. This will further increase the pressure on COVA to operate on a global scale.

Because of the reduced total demand for electrodes in Europe and the continuously growing import of Chinese electrodes in this market in the past, the Company has started extending the market outside Europe. The increased share of sales to customers outside of Europe has shown positive results. The Company markets Graphite Electrodes under the brand name of 'COVA', which has good acceptance in the market and is considered amongst the established quality leaders.

Summarising the risk factors, the Company expects that the steel industry will improve further from the impact of Corona Pandemic and that countries around the globe will launch stimuli packages to support economic growth.

An additional positive impact might come from the Definitive Anti-Dumping Duties imposed against Chinese imports in Europe.

b) Sales Risks

The product Graphite Electrode involves various manufacturing processes and hence needs to be produced as per requirement of the Customers. Production planning is based on expected market developments from the global steel industry and specific requirements of the major steel industry customers. Risks may occur when the actual demand for graphite electrodes deviates from our expectation / forecast, in particular if the situation in China is changing.

c) Risks from Raw Material Prices

Company has ensured the supply of basic raw materials like calcined petroleum coke, binder pitch and impregnation pitch and contracts for regular supply of them are renewable before the end of the existing contracts

The main raw materials are either petroleum based or coal based. The price of crude and coal and its direct impact on its derivative materials like needle coke, pitch, furnace oil, met coke, etc. will all tend to influence the input cost in a major way.

The Company does not see any problem in getting raw materials.

d) Risks from Energy costs

The Company has also signed the contract for supply of utilities like gas and electricity. However, owing to the current Ukraine – Russia crisis the availability of Gas may be a matter of concern as media speculation often refers to possibility of Russia cutting off Gas. However, on the contrary media reports also suggests that Germany has made room for replacement gas. The Company expects costs to remain high at least in the near future.

e) COVID-19

The Company has continued with its proactive approach to the COVID-19 crisis. The Company has always introduced protective measures at an early stage and always adopted to the changed situation.

Thus, the impact of COVID 19 to our employees, customers and our operations as remained on a very limited and low level.

Improvement in demand have been noticed already and with the help of Government Stimulus Packages across the Globe the situation should totally vanish from FY 2022-23. The implemented Short Work Scheme within parts of production has ended fully with production restarted in Green-Shop in April 2021. However, there was a very short duration of Short Work done in some departments in FY 2021-22 which ended early in the year.

f) Risks resulting from the use of financial instruments

The company is not using any external financing, therefore there is no material interest rate risk. Furthermore, the only customers are other group companies, therefore the default risk is considered low. Revenues and expenses are only generated in EUR, hence there is no currency risk.

g) Ukraine – Russia Crisis

On the one hand, Ukraine – Russia crisis increased demand for Electrodes as Russia is banned from selling into the EU and most other parts of the World. On the other hand, costs have increased as EU imported a large chunk of energy requirements from Russia. On top of this, the higher freight costs are also adding up to the burden. On its part, the Management is passing on the higher costs to its customers as this is unprecedented. For freight costs, the management is trying to mainly have FOB contracts.

C) OPPORTUNITY REPORT

Through the involvement of society in the globally active group of Graphite India, additional market opportunities generated outside Europe and cost benefits from the globally organized production network. The Company expects significant benefits from the consolidation of the industry in the future years.

Climate Change Initiative might seem a threat to our energy heavy industry but could also have a positive impact in many ways. Coating business is one area where there will be improvement due to its energy efficient application. Further, other initiatives as Sewage Sludge Incineration will further reduce energy requirements at COVA.

Acknowledgement

The Management takes this opportunity to place on record its appreciation of the assistance and support extended by all government authorities, consultants, solicitors, customers, vendors and others. The Management also expresses its appreciation for the dedicated and sincere services rendered by employees of the Company.

A special acknowledgement to the technical team and management of Graphite India for extending support from time to time during the year.

Röthenbach an der Pegnitz, 17 May 2022

S. Seibel

S. W. Parnerkar

2. Other exhibits

2.1 Legal situation

Company	Bavaria Electrodes GmbH
Address	Grünthal 1-6 Röthenbach a. d. Pegnitz
Legal form	GmbH
Partnership agreement	Valid in the version of 28 November 2006
Commercial register	Local Court Nuremberg, HRA 21198
Fiscal year	from 1 April to 31 March of the following year
Object of the company	The company is mainly engaged in the production of graphite electrodes, special graphite products, coating of graphite electrodes and other various carbon and graphite products.
Shareholders and contributions	Graphite International B.V., Rotterdam / Netherlands (100%)
Share Capital	EUR 100,000.00 (fully paid in)
Management and representation	If only one managing director has been appointed, he shall represent the company alone. If several managing directors have been appointed, the Company shall be represented by two managing directors or by one managing director together with an authorized signatory. Mr. Parnerkar has sole power of representation. <ul style="list-style-type: none"> • Sanjay Wamanrao Parnerkar (India) • Stefan Seibel
Commercial procuration	<ul style="list-style-type: none"> • Helmut Renner • Rounak Poddar
Shareholder resolution	19 July 2021 <ul style="list-style-type: none"> - Approval of the annual financial statements of the Company as of 31 March 2021 and the management report for the fiscal year 2020/21 - Approval of the actions of the Executive Board for fiscal year 2020/21 - The net loss for the financial year 2020/21 and the loss carried forward shall be carried forward to new account.

- Appointment of INTARIA partners GmbH as auditors 2021/22

There were no other significant changes in the legal situation after the balance sheet date.

2.2 Tax situation

Tax office: Nuremberg

Tax number: 241/115/52386

Tax returns/notices: The tax returns for the 2020 assessment year have been submitted and the notices in this regard were issued in March 2022.

The tax returns for the 2021 assessment year have not yet been submitted.

External/special tax audits: The tax audit was finalized with the year 2021/22, whose results have been fully considered in the current financial statements.

General notes:

Trade tax

The company is subject to trade tax on its domestic business operations.

Corporate income tax / solidarity surcharge

Due to its legal form, the Company is subject to corporate income tax and the solidarity surcharge on its taxable income.

Value added tax

There is a fiscal unity for sales tax purposes with the sister companies Bavaria Electrodes GmbH, Bavaria Carbon Specialities GmbH and Bavaria Carbon Holdings GmbH; the controlling company is the reporting company Graphite COVA GmbH.

The fiscal unity is an entrepreneur within the meaning of the German Turnover Tax Act (Umsatzsteuergesetz) and generates exclusively taxable and generally taxable sales. Sales are subject to the standard tax rate of 19%. The tax group is entitled to an unrestricted input tax deduction.

1.3 Economic situation

1) Intercompany contracts

Building lease agreement with BCH (Bavaria Carbon Holdings GmbH, Röthenbach a. d. Pegnitz) dated 9 September 2004 (commencement 13 August 2004). Automatic extension has been agreed if no notice of termination is given. Decorative repairs and maintenance are at the expense of the lessee. The rent amounts to EUR 30,000 p.a.

Rental agreement for movable fixed assets (mainly production machines and tools) with BE (Bavaria Electrodes GmbH, Röthenbach a. d. Pegnitz) and BCS (Bavaria Carbon Specialities GmbH, Röthenbach a. d. Pegnitz) dated 9 September 2004. Automatic renewal is agreed if no notice of termination is given. The lessee must pay for all repairs, pay ancillary costs and insure the items. The rent amounts to 15% of the original acquisition costs of the GC per annum.

Production agreement with GC dated 9 September 2004. Automatic renewal is agreed upon if no notice of termination is given. BE is contracted for the production of graphite electrodes. Cost plus 4 % was agreed.

Service agreement with BCS dated 9 September 2004. Automatic renewal for one year is agreed if no notice of termination is given. BCS provides services in the areas of accounting, IT, personnel (including management services) and real estate management. Cost plus 7% has been agreed, but without third-party costs that can be charged on.

2) Public law contract

Public law contract with the Free State of Bavaria dated 14 July 2004. This contract concerns specific contaminated sites on the land owned by BCH.

General Engagement Terms

for

Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften

[German Public Auditors and Public Audit Firms]
as of January 1, 2017

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [Translators Note: *The German term "Textform" means in written form, but without requiring a signature*] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of *Wirtschaftsprüfer*: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

- a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party
- b) examination of tax assessments in relation to the taxes referred to in (a)
- c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
- d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)
- e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

- a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;
- b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;
- c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and
- d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.